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Resourcing international organisations: so what?

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Abstract

The changes observed in resourcing international organisations over the last decades may have dramatic consequences for their ability to fulfil their mandates. This paper investigates into how far reaching the expected changes really are, and whether the new types and sources of financial and human resources can really be considered as causal for these developments. It appears that resourcing may not be the initial cause, but contributes to the centrifugal dynamics currently observed in the multilateral system. Administrative cost related to the new and complex funding structures are considerable, and ensuring transparency over resource flows represents a major challenge. Official decision making bodies lose power to sub-groups of members or external actors that fund parts of the organisations' activities through separate channels. Given that the large volume of non-core funding and the lack of transparency, they cannot easily adjust their own priorities. It can thus not be expected that the funding of certain activities through external channels will simply be compensated by a corresponding reduction of core funding in this area. Whether this negatively affects the ability of the organisations to fulfil their mandates—and hence, eventually their legitimacy—depends on the motivations of those actors empowered in this process.

1. Introduction

This special edition has highlighted the diversity in the types and sources of financial and human resources available to international organisations, and how this diversity relates to variation in other areas, notably administrative processes in these organisations, their governance, and more generally, the organisations' ability to fulfil their mandates. Many of the articles show a trend towards ever more diversity even within existing organisations, driven by a shift from mandatory towards voluntary funding, and by a proliferation of special purpose trust funds, in particular since the turn of the century. This process is embedded in a broader change of the international system with increasing numbers of (partially competing) organisations. This proliferation of organisations provides multiple options for funders willing to support any specific cause, as well as new choices for potential beneficiaries. The papers of this special edition equally show that these developments may have dramatic consequences for the future of the multilateral system as a whole (Goetz and Patz, this issue).

However, a sceptical reader may still be left with a few questions on the extent to which variation in resourcing—and especially the substantial changes with respect to the composition of funding observed in recent years—really matter in this respect. First, do these changes in resourcing really cause substantial developments such as changes in the power balance between different actors involved in the organisations? Or do we rather face an issue of reverse causality with changes in the power balance affecting the types and sources of financial and human resources? Or do both just happen in parallel, jointly driven by a general change in preferences of the actors involved? To establish the role of resourcing, a discussion of causality appears necessary here.

Second, besides these doubts about causality, the reader may wonder about whether the effects involved are really relevant. Given the fungibility of at least part of the organisations' resources (i.e. the possibility to shift them to other uses) administrative adjustment processes can take place. Hence, when some funders prioritise trust funds with a special focus, can the rest of the organisation's budget not simply be adjusted accordingly by reducing the resources allocated to this field? In terms of new funding sources, the amount contributed by non-traditional funders appears relatively negligible. Does their involvement then make any difference?

Third, the question arises whether, as a whole, the consequences of new trends in resourcing international organisations are positive or negative. Most of the articles in this special edition focus on potential problems and hence implicitly draw a rather gloomy picture of the future of the international system populated by international organisations unable to fulfil their goals due to lack of reliable funding for their core activities and related constraints with regard to experienced and motivated staff. But could the costs not be outweighed by the benefits?

These three questions will be systematically discussed in the remainder of this concluding article based—wherever possible—on information from the different papers within the special edition, but augmented by related external literature on the development of the international system and public finance more generally, including findings from my own research.

The objective is not to provide a comprehensive overview of all possible arguments and hence a final answer to all questions, but to place the discussion of resourcing international organisations in a more general perspective and to provide an initial normative assessment of the developments observed. Eventually, this analysis will further clarify the role of resourcing for the multilateral system.

2. The tricky question of causality

Let us start by examining the question of causality. This question is critical since the analysis of resourcing would lose much of its relevance if it were merely an effect rather than a cause of the change in multilateral governance more generally, or if both were simply driven simultaneously by a third factor so that their correlation would just be spurious. This third external factor could be a general shift in preferences related to the role of international organisations and hence the tasks that governments around the world expect these organisations to fulfil. Squatrito (this issue), who provides one of the few papers in this special edition with a focus on the determinants, rather than the effects of resourcing, suggests that domestic preferences—evidenced in her context by the design of national courts (“uploading of domestic norms”)—are an important driver of resourcing at the international level. It appears highly plausible that domestic preferences are relevant for resourcing decisions regarding other international organisations as well, and that resourcing in terms of volume, modalities and sources, may thus change when preferences change.

We find multiple indications for a general shift in preferences. On the one hand, there is an increasing frustration about what international organisations and multilateral agreements are able to deliver; on the other hand, there is an increasing belief that from a national perspective, designing policies without caring for their international effects may be more beneficial. The latter is most strikingly evidenced by the recent success of nationalist parties that deny the benefits of international burden sharing for the provision of global public goods and promote mercantilist policies based on the beggar-thy-neighbour perspective prominent before World War II. Frustration about the failure of the multilateral system to deliver the expected results is also omnipresent, both in the political discourse and in scholarly contributions. As noted by Weder di Mauro (2017:10) with respect to the International Monetary Fund (IMF) and the United States as its largest shareholder: “they seem to have lost the interest in their powerful position [within the IMF] as much as their belief in a global economic order based on the community of nations and on rules”.ⁱⁱ She further describes how the IMF generally became increasingly out of favour, notably through its austerity policy in the context of the Asian crisis. As a consequence, fifteen Asian countries created a new alliance—a new international organisation based in Singapore—to provide an alternative to the IMF in case of future crises. In the context of the Euro crisis, the IMF had to join forces with the European Central Bank and the newly created European Stability Mechanism given that its own resources were way too limited. The reading of this story could be as follows: governments start mistrusting a given international organisation, and hence, they create alternatives and eventually spread their funding over different institutions.

Noticeably, the new institutions created are often less global in their membership than the existing ones. It seems that national governments increasingly prefer smaller clubs with members of more homogeneous preferences. For instance, while the World Trade Organisation stagnates due to the deadlock of the Doha Round, over a hundred of new bi- and small multilateral trade agreements have been negotiated (Cole and Guillin 2015: Figure 1). This trend is discussed in more detail in the literature on “minilateralism” (Kahler 1992; for more recent contributions see e.g. Naim 2009, Eckersley 2012, Patrick 2015 or Falkner 2016, see also Graham this issue).

Graham’s (2015) historical account of the development of voluntary funding within the United Nations or Reinsberg, Michaelowa and Eichenauer’s (2015: 529f.) discussion of the development of special purpose trust funds can be interpreted along the same lines, but for developments within rather than around existing organisations. Individual member countries are dissatisfied with the general orientation or efficiency of an organisation and are hence unwilling to provide reliable long-term and unconditional funding. Reinsberg, Michaelowa and Eichenauer also relate this trend to the end of the Cold War and the need for governments of donor countries to increase the efficiency and visibility of their contributions to increasingly critical national constituencies. Reinsberg, Michaelowa and Knack (2017) show that even the specific type of trust funds chosen by a contributing state (single-donor trust funds versus medium-sized and large multi-donor trust funds) depends on the optimisation of donor preferences along these lines. Bilateral interests thereby enter increasingly—and often quite invisibly—into the multilateral system. This is exactly what Sridhar and Woods (2013) have coined as “Trojan multilateralism”. Do we observe a general “bilateralisation” of international organisations that eventually obviously also affects resourcing?

There is also considerable evidence that the lack of trust in existing international organisations leads to increasing expectations in other actors such as the private sector, civil society, or sub-national government entities such as cities to solve problems more effectively. In the context of international climate policy, for instance, these expectations have been voiced prominently in the run up to the Paris Conference in 2015, both by the United Nations Secretary General Ban Ki-

moon, and by the French President François Hollande (Michaelowa and Michaelowa 2017a: 130). Simultaneously, an academic literature has developed on city networks and other transnational climate governance initiatives that include a variety of different actors (see notably Bulkeley et al. 2014, Andonova, Roger and Hale 2017). More generally, the development of transnational governance initiatives has attracted a lot of scholarly interest reflected in a significant number of in-depth studies in recent years (for a review, see Roger and Dauvergne 2016). Much of this literature can be interpreted as a search for alternatives or at least complements to the traditional multilateral system, which is increasingly considered as dysfunctional. Scholarly research thereby reflects the perspective we observe in the political discourse.

If traditional actors are increasingly mistrusted, and expectations are put on new actors in the game, it is highly plausible that, at least after some time, this will also affect the allocation of funding. Indeed, in some areas of international development or international climate policy for instance, attracting a large amount of private funding seems to be directly equated with increased efficiency. Attracting private funding has therefore become an objective in itself (Stadelmann, Castro and Michaelowa 2011). A recent evaluation of the public-private partnership (PPP) programme for German development aid notes that the development related synergies of such PPP-projects are often significantly overestimated, based on the belief that private firms primarily seek cooperation due to increased social responsibility (DEval 2017: 78). At the same time the potential divergence of entrepreneurial and development-related interests is typically ignored (DEval 2017: 32, 59, 79).

Whether this is rationally justifiable or not, all of this points to a general willingness to move away from traditional solutions in order to try out other approaches involving different actors (see also Westerwinter 2016). The changes in resourcing international organisations highlighted in this special edition are consistent with this general trend. Traditional international organisations with broad-based memberships receive an increasingly smaller share of reliable public funding for their core activities, while funding goes to new and smaller organisations, often with diverse membership, or to pre-identified subfields within an existing organisation through short-term voluntary funding earmarked to specific activities. These organisations thereby also open up to non-state actors who participate in the resourcing process and in the setting of new priorities.

Are the changes observed in resourcing hence nothing else than part of a general trend? The way I argued above deliberately turns the thrust of the argument of most articles in this special edition on its head to show that indeed, resourcing could also be seen as a consequence of this general trend. However, the theoretical arguments made in the papers of this volume are equally convincing: The power of international organisations depends on their financial and human capabilities (Heldt and Schmidtke this issue). Organisations without reliable long-term financing and—relatedly—with less experienced and possibly less qualified and motivated staff (or rather “non-staff”, see Ege and Bauer this issue) should thus be even less able to fulfil their mandates to the satisfaction of their member states. They spend time and effort searching for additional resources, competing with other organisations, and coordination as well as monitoring of all the diverse activities becomes a major issue for the organisations’ leadership (Graham, this issue, Reinsberg this issue, and Bergmann and Fuchs this issue regarding accounting problems). The diversity of funding sources further implies a diversity of principals with diverging preferences, and hence a dilution of the core mandate (e.g. through a collusion between individual principals and the organisations’ implementing staff, see Eckhard and Dijkstra this issue), which may lead to further dissatisfaction of some of the member states, and to an erosion of democratic governance structures within international organisations (Browne this issue, Graham this issue, Martens and Seitz this issue, Reinsberg this issue, Goetz and Patz this issue). In addition Goetz and Patz (2016) and Patz and Goetz (2017) highlight the

theoretical parallels to findings in comparative public administration. This literature focuses on national administrations and observes procedural changes driven by budget cuts directly related to general economic downturns or financial crises, i.e. to changes in resourcing that are more plausibly exogenous.

What do we draw from this discussion? It seems that, theoretically, a causal relationship in both directions is plausible. Squatrito (this issue) equally adopts this perspective. Taking the different theoretical arguments together, this suggests that the impact of political governance on resourcing and the impact of resourcing on political governance are mutually reinforcing. We can hence imagine the dynamics as a spiralling up with changes in preferences leading to changes in multilateral governance and related changes in resourcing international organisations, which in turn reduce their ability to deliver, and thus affect government preferences in favour of alternative actors, changed governance structures and new channels of funding. From this perspective, while resourcing may not stand at the very beginning of the causal chain, it appears to be key for the long-term dynamics to unfold.

From this perspective, the disentangling of how much of the overall change can be attributed to the different factors, i.e., in particular, how much exactly is due to resourcing, may appear less relevant. Attempts to do so empirically in a comprehensive way are prone to fail as we lack a valid counterfactual. Only in exceptional (and very specific) cases can we observe changes in resourcing that are plausibly exogenous and hence allow us to isolate the causal effect of resourcing. Michaelowa and Michaelowa (2017b) use the example of the fee on projects of the Clean Development Mechanism introduced in the context of the Kyoto Protocol. These fees exploded due to a completely unexpected development of the private market for certified emission reductions, which created a large amount of unforeseen funding for a specific part of the United Nations Framework Convention on Climate Change (UNFCCC) secretariat. The econometric analysis shows that this change in resourcing significantly affected the influence of the secretariat. In a broader study, Ege and Bauer (this issue) examine the effect of an increase in voluntary funding on staff numbers and on the share of non-permanent staff. Their analysis reduces the risk of endogeneity by (a) lagging voluntary funding by three years (reducing the risk of reverse causality), and (b) controlling for a (potentially common) linear trend (reducing the risk of simultaneous causation). However, some bias may remain. Given the lack of plausible instrumental variables and the impossibility of experimental studies in the context of resourcing international organisations, some ambiguity will always remain. Most empirical results can be interpreted only as correlations, and while they consistently show the relevance of financial resources and their composition, the extent to which resourcing contributes to the change of multilateral governance as a whole cannot be clearly identified.

As there are obvious limitations of this type of analysis, we have to rely primarily on the theoretical arguments outlined above. In sum, resourcing may not be the initial cause of the developments we observe, but resourcing should be considered as an important factor for the spiralling up or—in other words—the centrifugal dynamics currently observed in the multilateral system.

3. How much really changes in decision making and in administrative processes?

Once we accept that resourcing causes (at least parts of) this change in multilateral governance, the question arises how sizeable these effects really are. Are they sizeable enough to be relevant?

The mechanisms of change suggested in the different papers of this special edition work through the effects of the new funding structure on (a) decision making processes within individual organisations, and (b) on their administrative processes.

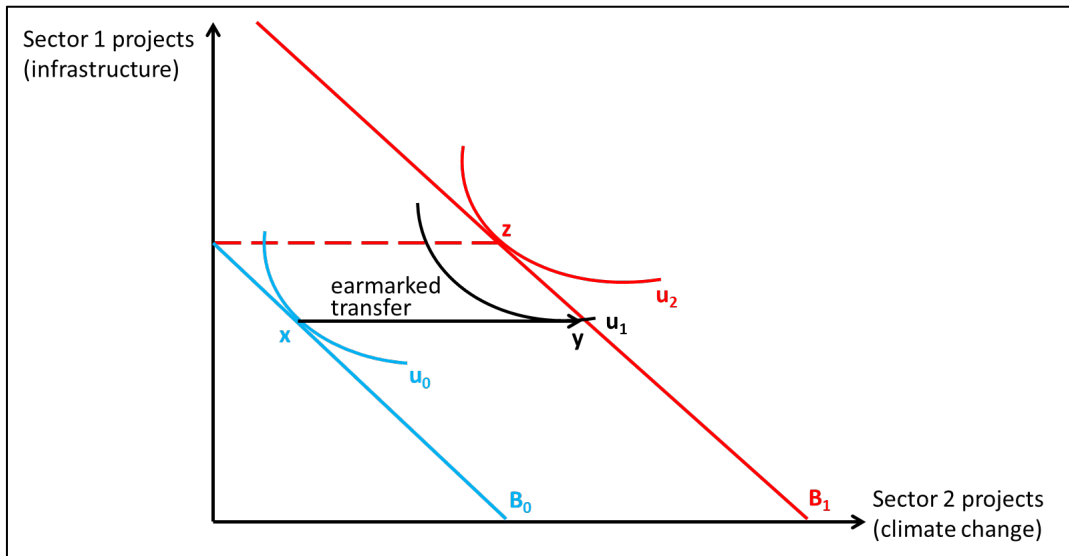
3.1. Decision making processes

Regarding decision making processes, the key concern is that the allocation of funding is no more primarily determined by the formal decision making bodies of international organisations, but by the various actors providing funding outside the core budget, e.g. through trust funds or other forms of voluntary funding for specific purposes (Goetz and Patz this issue, Graham this issue, Browne this issue). This may hollow out the democratic rules elaborated in the organisations' treaties and replace them with a new form of informal governance by both selected member states and external actors (Reinsberg this issue). We do indeed observe quite a difference between the allocation of voluntary funds and the allocation of core funding (for the example of the World Bank's International Development Agency (IDA), see Reinsberg 2016: 121, for a comparison in the context of multilateral development aid more generally, see Reinsberg, Michaelowa and Eichenauer 2015: 541). Clearly, contributors to special purpose funds do intend to set new priorities. But at the end of the day, does this really change the overall allocation of funding in the field? Obviously, this depends on the degree of fungibility of resources. As I will explain below, it is a common misconception that earmarking prevents fungibility. Put simply, the reason is that funding decisions in one area can often be compensated by funding decisions elsewhere.

This is a well-known phenomenon in the context of development assistance where over many years, donors have tried to condition their aid contributions to specific sectors—often without much success.ⁱⁱⁱ Boone (1996: 291, 311), for instance, shows that while 32% of the aid flows in his sample were used for investment in economic infrastructure, the effect of aid on investment cannot be distinguished from zero except for those countries for which overall aid inflows are very large. This puzzling result has a simple explanation: Governments can adjust the use of their own budget to reach an overall allocation of spending in their country that corresponds to their preferences. Hence, when donors build a road, the government may just build one road less. Such adjustment processes can fully compensate the development priorities imposed by the donor unless aid becomes a relatively high share of the overall resources at a government's disposal.

The phenomenon is generally well known in public finance where we find textbook examples comparing the effect of an unconditional income transfer to the effect of in-kind (or otherwise clearly conditioned) contributions. Figure 1 adjusts the illustration by Frey and Kirchgässner (2002: 284) to our context of resourcing international organisations. Let us imagine an international organisation that allocates its budget to sectors 1 and 2, e.g., the World Bank providing loans for economic infrastructure (sector 1) and climate change mitigation (sector 2). The organisation's executive board optimizes resource allocation to developing countries by choosing the highest level of utility (u_0) it can reach with the given initial budget B_0 . This leads to an optimal combination of projects from both sectors (graphically shown at point x where the indifference curve of the executive board is tangential to the budget constraint).

Figure 1: Core funding versus earmarked contributions, small transfer



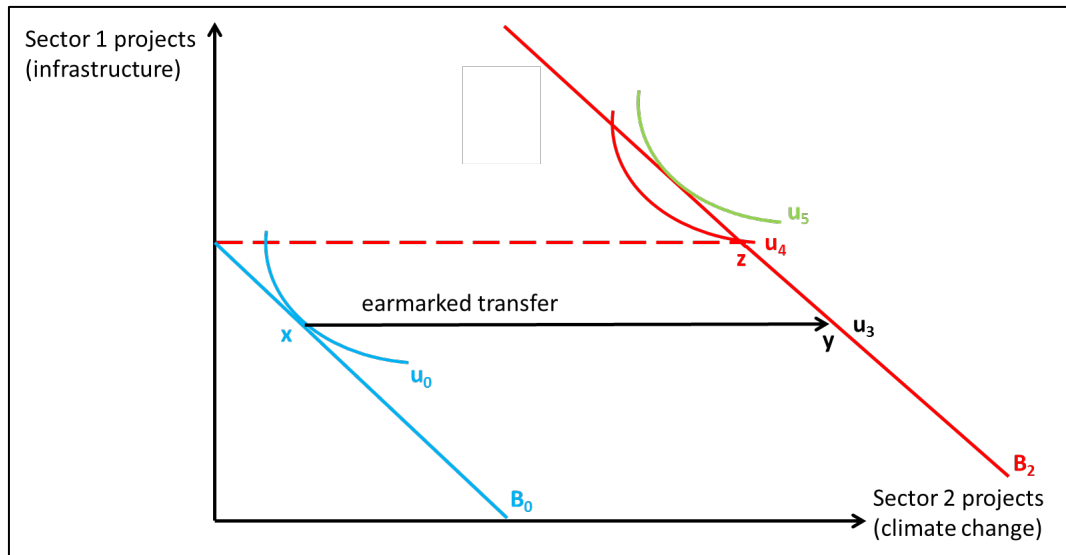
Source: Frey and Kirchgässner (2002: 284), adjusted.

Now imagine the organisation obtains an increase in core financing so that the budget constraint moves outward to B_1 . There is no restriction to the use of funding. The executive board will optimize again based on the new budget and can thereby reach point z on a substantially higher indifference curve (level of utility u_2). Alternatively, let the same amount of additional funding be earmarked to sector 2 (or contributed to a climate trust fund). If the organisation just adds these additional climate projects to those it already funds at point x , it will reach point y . Since we assume that these projects cost as much as the initially discussed increase in core funding, this point requires the same budget as point z , namely B_1 . However, the utility for the international organisation will be less ($u_1 < u_2$). But why should the organisation remain at that point? It can simply reduce its core funding to sector 2. As long as the conditional transfer is not larger than the total budget the organisation would have allocated to climate projects anyway, it can fully adjust by focussing its core funding on the other sector. In Figure 1, it could thereby again reach point z with utility level u_2 , and the effect of earmarked funding would not be any different from the effect of an increase in core funding.

Note that the adjustment process will let core funding and earmarked resources (or resources for special trust funds) appear even more different than they would otherwise be. This is because the adjustment requires the executive board to focus on the funding of the complementary activity. In Figure 1, we see that point z , which the organisation would choose freely based on its core resources, has a well-balanced sector composition. However, to again reach point z with the contributions earmarked to climate change mitigation, the organisation will have to move its entire core funding to sector 1. This is because the way the figure is drawn, the conditional transfer is just as large as the cost for climate projects the organisation would have incurred on its own.

Beyond this level, no further adjustment would have been possible. This is because the allocation to sector 2 must at least be as high overall as the conditional transfer. This is why for a lower level of climate change projects the budget restriction in case of the conditional transfer differs from the budget restriction for increased core funding. For the latter, the budget constraint corresponds to the (fully drawn) straight line B_1 . For conditional transfers, it starts as B_1 , but then moves to the left along the dashed line implying that up to point z , extra funding will only be available if used

for sector 2. In such cases, adjustments can only be partial and the final sectoral allocation will indeed differ from the preferred choice of the formal decision making body of the organisation. This situation is depicted in Figure 2 where the transfer is higher than in Figure 1 ($B_2 > B_1$).



In this case, with earmarked funding, the organisation cannot reach the same level of utility as with unconditional funding (u_5). Point z (now at utility u_4 due to the additional budget increase as compared to Figure 1) again shows the maximum possible adjustment while point y (now at utility u_3) shows the situation if no adjustments takes place at all.

The articles in this special edition suggest that indeed, overall funding for special purposes is very high. Referring to the OECD report by Tortora and Steensen (2014: 8), Graham (this issue) underscores that earmarked resources accounted for as much as 30% of overall contributions to multilateral organizations, with shares as high as 40% for the World Bank, and even 70% for United Nations agencies. In addition, one should note that the somewhat lower share of 30% overall is clearly driven by the fact that many new organisations have been created that are themselves so specialised that earmarking within is obviously irrelevant. Such organisations are in fact very similar to trust funds attached to other, broader international organisations. The Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) and the vaccine alliance GAVI for instance cover areas that fall in the broader range of activities of the World Health Organisation (WHO) (Browne this issue). Hence in the context of our theoretical argument, funding these vertical funds that have been accorded a formally independent status is substantially equivalent to funding a special purpose trust fund within the WHO or to providing funding earmarked to these areas directly to the WHO. Taking into account all these multiple direct and indirect ways to condition

the contributions to the multilateral system, the share of conditional resources would clearly rise way beyond 30%.

In those policy areas in which fungibility prevents an imposed change in funding priorities, the shares are typically much smaller. For those developing countries, for which the relevant data are available, aid as a share of central government expenditure, for instance, amounted to 24% in 2015, whereby this mean was largely driven by a few outliers such as Afghanistan or West Bank and Gaza. The median is only 7% (World Bank 2017).

In addition, earmarked funding to international organisations sometimes specifically focuses on areas that would clearly not receive any funding otherwise. Individual member countries often use trust funds to push new fields that would presumably become acceptable for the broader organisational membership only much later, or to fund areas that are too contentious to ever reach an agreement upon among all member states (Reinsberg this issue). At times, individual members even use trust funds to fund countries or areas explicitly excluded from the organisation's mandate. For instance, a number of countries that are not eligible for IDA funding (e.g., Argentina, Brazil, China, Mexico, Peru, Russia, and South Africa), or that cannot access World Bank funding due to lack of membership in the institution (e.g., West Bank and Gaza) do receive concessional funding by the different trust funds (World Bank 2014, Reinsberg, Michaelowa and Eichenauer 2015:330).. In these cases, individual members clearly use the means of trust funds to circumvent the organisation's rules and regulations. There is no way for the formal decision making bodies of the organisation to compensate the funding of areas by a reallocation of their core budget.

Finally, the whole discussion about compensating adjustments of the core budget assumes that the additional financial flows are sufficiently transparent. However, the opposite seems to be the case.^{iv} With over 900 trust funds at a single organisation such as the World Bank (World Bank 2014), it is hard to keep an overview. As highlighted by Goetz and Patz (this issue) there is no clarity regarding the terminology used to describe the different types of financial flows even within a given family of organisations such as the United Nations, and budgeting practices are often inconsistent and unclear. Bergmann and Fuchs (this issue) provide an impressive review of these accountability problems and explain how individual organisations now slowly adjust their rules to include the necessary differentiation of their resources in the future.

This implies that if at all the formal decision making boards of the international organisations can adjust, these adjustments will happen with a considerable time lag. Moreover, it remains to be seen whether even the revised accounting standards will allow for an overview that does not only include all resourcing channels within an organisation, but also the relevant transparency over the allocation of funding by other organisations in the same field to whose funding priorities this organisation may also want to adjust. Given the overall complexity of the system, this seems to be very hard to achieve.

3.2. Administrative processes

These issues regarding accountability lead us directly to the discussion of the relevance in terms of administrative processes. In this regard, there is little doubt that the consequences of the changes in the resourcing are daunting. The new resourcing system often includes various layers of delegation between member countries and different organisations responsible for management and finally implementation (see Michaelowa, Reinsberg and Schneider 2016, 2017 for the case of the EU). There are high administrative transaction costs to handle hundreds if not thousands of different funds with varying governance structures within a given organisation. The necessary administrative adjustments include the creation of monitoring systems preventing that some of

these funds take risks with consequences that will later fall back on the reputation of the organisation as a whole. They also include the introduction of mechanisms ensuring that trust funds are at least fully self-financing, i.e. covering the relevant overheads (IEG 2011). Finally, they include processes to ensure that individual departments of the organisation do not accept trust funds that may be problematic from the perspective of other departments, and processes to handle competition for funding arising between different units (for examples in the context of the World Bank, see Reinsberg 2017, and Michaelowa and Michaelowa 2011: 263). Only slowly, organisations are now adjusting to these new challenges by undergoing corresponding administrative reforms, for instance by imposing some restrictions regarding the minimum funding volume for trust funds to be acceptable (Tortora and Steensen 2014). It is for a reason that the alumni organisation of the World Bank identified the proliferation of trust funds as one of the five major challenges the organisation will have to face (The 1818 Society 2012).

In addition, the lack of reliable funding affects all mid- to long-term planning procedures. However, in this context, one might object that even in the context of core funding unexpected cuts may arise. The most prominent example is certainly the United Nations Educational, Scientific and Cultural Organisation (UNESCO) where the United States have withheld their core contributions ever since the organisation's executive board admitted Palestine as a new member state in 2011 (Hüfner this issue). While this is an extreme case, funding delays by member states are a more common phenomenon and partially driven by domestic lobbying (Lavelle 2011). The fear that voluntary funding may create pro-cyclical spending, i.e. lead to the problem that funds will not be available when they are most needed (see Martens and Seitz this issue) may thus also affect "mandatory" funding. Empirically, so far, there is not much evidence for a greater pro-cyclicality of voluntary funding (Reinsberg, Michaelowa and Eichenauer 2015: 544f.). According to this study, one reason may be that governments may face constraints related to the expectations of their partner-governments, national constituencies, or even domestic administrative processes that may prevent ad hoc funding adjustments. The problem of pro-cyclicality may be greater with non-governmental sources of funding, but as of now, they only represent a small portion of resources. Even in those few organisations like GAVI in which the number of non-governmental sources of funding is high, their contributions are mostly individually negligible as a share of total funding. The only notable exception is the Bill and Melinda Gates Foundation (BMGF) that provided more than 20% of GAVI's budget (Browne this issue). It should be reasonable to assume that a private philanthropic organisation such as the BMGF does not depend on business cycles in the same way as business associations or other private firms. While from this perspective, voluntary funding may thus be less problematic than it could be, future developments in this area remain to be observed. An appropriate financial accountability system appears to be crucial to track these developments (Bergmann and Fuchs this issue).

In addition, as demonstrated by Ege and Bauer (this issue), the increasing share of voluntary funding has already been followed by an increasing share of short-term employments in international organisations. This can be interpreted as a precautionary adjustment that may occur even if the apprehended funding cuts do not happen in practice. The authors point at the consequences this may have for staff experience, and the opportunity to recruit motivated and well-qualified staff in the future. Interestingly, Heldt and Schmidtke (this issue) find rather little change in the organisation's capabilities (including human capabilities) over time; if at all, they see a slight empowerment of international public administrations. At first glance, this may seem like a contradiction. However, the reason is that Heldt and Schmidtke focus on the development of resources in absolute terms, while Ege and Bauer consider the share of short-term relative to long-

term staff. In addition, Heldt and Schmidtke consider the possibility of raising external funds by itself as an indicator for a more powerful organisation, following the idea that this possibility decreases the organisation's dependency on a limited set of traditional members. This perspective is indeed different from the one, which Ege and Bauer adopt in their paper. This leads to a different interpretation of very similar information.

In sum, the above discussion implies that adjustment requirements are considerable. In terms of governance over the allocation of funding, the formal decision making bodies may be able to compensate for some of the distortions of conditional resources. This is because they can adjust the allocation of their core funding, but they can do so only if the overall resourcing becomes sufficiently transparent, and—given the large share of non-core funding—they can do so only in a very limited way. Administrative cost related to the new and complex funding structures are considerable, even if the volatility of funding has so far been less than expected. Yet, one can also adopt a positive perspective on the developments of resourcing. The following section will focus on these normative considerations.

4. Normative considerations

We have seen that changes in resourcing come along with changes in power. As the contrast between Ege and Bauer on the one hand and Heldt and Schmidtke on the other hand shows, whether developments are good or bad lies in the eye of the beholder. While one focuses on the power of the organisation from the perspective of members as a collective principal, the other one focuses on the power of the international public administration standing in (potential) opposition to its members. Just as the general tendency towards minilateralism and towards a greater role for transnational governance initiatives, the developments in resourcing we observe tend to shift power from formal decision-making bodies of international organisations towards subgroups of members or individual members offering special contributions, and towards non-state public or private actors (Westerwinter 2016). Within international public administrations, power shifts happen from overall management towards individual units that benefit from external funding to build up their own turf (Reinsberg 2017, Michaelowa and Michaelowa 2011). As highlighted by Heldt and Schmidtke (this issue), as a whole the international public administration benefits from greater independence of individual funders and funding mechanisms. However, since the diversity of funds usually comes hand-in-hand with reduced long-term commitment, the trade-off is not clear. Finally, the diversity of multilateral organisations and associated trust funds shifts some power towards the recipients of the organisations' funding and services as recipient governments can benefit from the competition between the different organisations to obtain individually more advantageous deals, e.g. credits with less strings attached (Humphrey and Michaelowa 2013).

What the power balance between the different actors should ideally look like and whether the observed power shifts are hence generally beneficial or detrimental is not easy to assess, and the answer depends on a number of assumptions. If we believe that the formal governance structures of international organisations are rather problematic because they are too slow to react to new developments and anyway democratic only at the surface ("democracy of dictators" in popular parlance), then the empowerment of subgroups of members or other actors may be helpful. By helping the organisation to effectively achieve its global objectives, the empowerment of the relevant sub-group of members may indirectly even increase the organisation's legitimacy. It is no coincidence that activities to enhance good governance, for instance, are often financed through trust funds rather than through core funding. Such programmes would risk lengthy discussions in

the boards of an organisation such as the World Bank, and they would even partially be excluded by the organisation's mandate (Reinsberg, Michaelowa and Knack 2017). Moreover, as highlighted by Graham (this issue), small coalitions of members tend to be more homogenous and can therefore act more rapidly in the case of emergencies like natural disasters or the outbreak of dangerous disease (IEG 2011: 6). Similarly, partnerships with private actors may be highly efficient in some cases. In principle, new funding mechanisms such as trust funds could also rectify the power structure embodied in the traditional allocation of voting rights in organisations like the World Bank, which many observers today consider as biased and undemocratic. De facto, however, the countries most concerned, notably the major emerging economies such as China, have not made much use of trust funds to increase their influence within the Bank. The total share of BRICS contributions within the World Bank's multiple trust funds is just about 0.1% (World Bank 2014). Rather, these countries directly launched competing organisations, namely the Asian Infrastructure Investment Bank (AIIB) and the BRICS New Development Bank (NDB) (Humphrey 2015).

The above examples show that the new resourcing mechanisms can be advantageous in certain ways, notably when some coalitions of actors push forward an agenda, which is globally beneficial. Yet, who guarantees that the "right" actors will be empowered? It may not always be democratic countries trying to promote democracy and human rights in non-democratic ones. How much are individual contributors of voluntary funding, be they public or private, really pursuing the primary objective to promote development, health, education, climate change mitigation, or whatever the overarching goals that the international community set out to pursue? Or are partially conflicting national objectives or special interests entering through the backdoor (Woods 2005, Sridhar and Woods 2012)? If this is the case, the legitimacy of international organisations will suffer.

The problem of special interests entering through the backdoor may arise even more acutely in the context of private actors. As highlighted by Martens and Seitz (this issue), due to their direct access to people, Coca-Cola or L'Oréal may well be able to support the swift spread of information about how to save water or how to avoid HIV. This is creating clear benefits. However, at times the association with a United Nations organisation may also "greenwash" the image of an organisation that is otherwise rather opposed to the United Nations' global objectives. If competition about funding becomes even fiercer, such problems will become more prominent. When international organisations continuously lend their own legitimacy to problematic partners, this very legitimacy will eventually erode. However, as mentioned above, for now, non-profit organisations, and notably the BMGF dominate the population of non-state contributors. In this case, the contributor's goals largely correspond to the global development goals of the multilateral organisations, even though there may be differences in the valuation of different modes of intervention. Indeed, the goals of this type of private organisations may be better aligned with those of the international organisations than the goals of individual member governments seeking geopolitical and commercial benefits.

Finally, what about the empowerment of (parts of) the international bureaucracy vis-à-vis the member states? Again, the judgement depends on who more strongly pursues the global goals (see also Ege and Bauer this issue). This may well be the staff, since they often self-select into an organisation because they are attracted by precisely these goals (Anderfuhren-Biget, Häfliger and Hug 2013). The situation is then similar to the case of an empowerment of philanthropic funding organisations. However, if the staff that is empowered primarily seeks to maximise its budget, autonomy or discretionary power, the situation is different. In such cases, the focus may easily shift away from core activities, and move towards wherever money is available. This can also lead to an increased take-up of activities that could equally be handled by private companies, and hence lead

to competition with the private sector. If the multilateral organisations' activities benefit from direct or indirect subsidies, efficient private business activities may be crowded out (see Michaelowa and Michaelowa 2011 for examples in the context of the World Bank).

In sum, if those actors are empowered who are highly motivated to work towards the core global goals of the international community, this should generally strengthen the organisations' effectiveness with respect to these goals and thereby also increase their legitimacy. If not, the opposite is the case. The result of the process is not yet clear. Overall, the balance of power has not necessarily shifted away from those actors that strive for global as opposed to individual benefits. However, there seem to be no safeguards in place to prevent such a shift in the future. The lack of transparency due to the overall complexity of the system—with the resulting difficulty to hold anyone responsible—increases the risk of unobserved adverse developments in this respect.

The shift of power to the beneficiaries of the international organisations' programme funding and services is a slightly different, but equally ambiguous issue. On the one hand, it may limit the funding agency's ability to condition the transfer of resources to necessary policy reforms or to enforce important safeguards. This is problematic if the recipient government is not development oriented and wishes to use the funds for private rather than public benefits. This is one of the reasons why—ever since the Paris Declaration in 2005—donors of international development assistance have generally agreed to reduce aid fragmentation. However, if the recipient government is prioritising development, a deal that better matches its own interests and its own development strategy, and hence increases ownership, will be useful. In this case, an increased choice between different donors may be beneficial. Correspondingly, the recent literature on donor fragmentation is more nuanced and distinguishes between situations in which the presence and potential competition between donors may be detrimental, and other cases in which it may be conducive to development (Gehring et al. 2017).

5. Conclusions

Recent developments in the resourcing of international organisations may have dramatic consequences for the future of the multilateral system. To be sure, this paper starts by re-examining the question of causality. While other drivers—notably a general disillusionment about the ability of established international organisations to solve the most pressing global problems—also contribute to the centrifugal dynamics we observe, the new forms of resourcing contribute to accelerating this process. Within this process, the formal decision making bodies of international organisations lose power, while individual members or smaller member coalitions as well as non-state actors gain considerable influence over the allocation of programme funds. While adjustments of the core budget can partially compensate for the new funding earmarked to specific activities, this adjustment requires substantial transparency, which is difficult to reach given the complexity of the system, with thousands of individual trust funds and multiple layers of delegation. In addition, core funding has become such a small share of the overall budget in many organisations that the scope for adjustments is limited. The administrative requirements to manage and monitor the new and complex system are daunting.

Nevertheless, it is not yet entirely clear whether these developments will help or hinder the international organisations in their pursuit of the global goals set out in their mandates. While we observe clear power shifts, the balance of power has not necessarily shifted away from those actors that strive for those global goals. However, there seem to be no safeguards in place to prevent such

a shift in the future. The lack of transparency within the current system increases the risk of adverse developments in this respect. It also prevents a clear assignment of responsibilities.

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ⁱⁱ Author's translation.

ⁱⁱⁱ For a recent discussion of the fungibility of aid and ways to prevent it, see Birchler, Limpach and Michaelowa (2016).

^{iv} Note that the overall lack of transparency does not imply that individual trust funds are necessarily non-transparent. As Browne (this issue) shows at the example of GAVI and the Global Fund, some of them are in fact very transparent. It is the multitude of funding instruments and trust funds with tailor-made rules and procedures, as well as the various interlinkages between funding channels, which generate the overall lack of transparency.